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BANFF OIL LTD.

505 Eighth Avenue Building
Calgary, Alberta
CANADA

NOTICE OF ANNUAL GENERAL MEETING OF THE SHAREHOLDERS

MAY 5, 1964

TAKE NOTICE that the Annual General Meeting of the Shareholders of Banff Oil Ltd. will be held at 505 Eighth Avenue Building, Calgary, Alberta, Canada, on May 5, 1964 at 10 o'clock A.M. (M.S.T.) for the purpose of

(a) considering and, if thought fit, approving the action of the Board of Directors in granting an option to Mr. Ronald J. White, Manager of Exploration for the Company, for the purchase of 10,000 unissued shares of Common Stock of the Company, at the price and upon the further terms and conditions described in the Proxy Statement accompanying this Notice of Meeting;

(b) considering and, if thought fit, approving the action of the Board of Directors in setting aside a reserve of 50,000 unissued shares of Common Stock of the Company for the grant of incentive stock options to employees of the Company, as further described in the Proxy Statement accompanying this Notice of Meeting; and

(c) receiving and considering the Report of the Directors of the Company, the Statement of Financial Position and Auditors' Report, electing directors of the Company, appointing Auditors, and transacting such other business as may properly be considered at the Meeting.

Shareholders of the Company of record at the close of business on April 8, 1964 are the only shareholders entitled to notice of or to vote at the Meeting.

If you are not able to be present at the said Meeting, kindly sign and return the enclosed Proxy, which must be deposited at the registered office of the Company, 505 Eighth Avenue Building, Calgary, Alberta, Canada, not less than twenty-four hours before the time fixed for the said Meeting.

DATED at Calgary, Alberta, this 16th day of April, 1964.

By Order of the Board of Directors,
J. J. SAUCIER, Secretary.

PROXY STATEMENT

The enclosed Proxy is solicited by and on behalf of the management of Banff Oil Ltd. for use in connection with the Annual General Meeting to be held May 5, 1964. All expenses in connection with this solicitation of proxies will be borne by the Company. Solicitation will be by mail and by regular employees of the Company.

All proxies delivered pursuant to this solicitation are revocable at the option of the person executing the same at any time before they are exercised. Shares represented by all validly executed proxies received as a result of this solicitation will be voted at the Meeting in accordance with any specifications made by shareholders therein, provided that such proxies are received at the registered office of the Company, 505 Eighth Avenue Building, Calgary, Alberta, Canada, not less than twenty-four hours before the time fixed for the said Meeting.

In case the address of a shareholder signing a proxy appears on the records of the Company to be in the United States, the proxy will not be used in connection with any vote on the Report of the Directors of the Company, the Statement of Financial Position and Auditors' Report.

The Common Stock of the Company is the only voting security of the Company, the holders thereof being entitled to one vote for each share held. Only holders of Common Stock of the Company of record at the close of business on April 8, 1964 are entitled to notice of or to vote at the Meeting. The Articles of Association of the Company provide that two members personally present and entitled to vote, holding or representing by proxy 5% of the outstanding shares entitled to vote, shall constitute a quorum. At the close of business on March 31, 1964 there were issued and outstanding 3,630,101 shares of Common Stock of the Company.

As set forth in the Notice, this Meeting will be held for the purpose of (a) considering the grant of an option to Mr. Ronald J. White for the purchase of 10,000 unissued shares of Common Stock of the Company, (b) considering the setting aside of a reserve of 50,000 unissued shares of Common Stock of the Company for the grant of incentive stock options to employees of the Company, (c) receiving and considering the Report of the Directors of the Company, the Statement of Financial Position and Auditor's Report, electing Directors of the Company, appointing Auditors, and transacting such other business as may properly be considered at such Meeting.

Considering the Action of the Board of Directors in Granting an Option to Mr. Ronald J. White for the Purchase of 10,000 Unissued Shares of Common Stock of the Company

Action will be taken upon a proposal to approve the action of the Board of Directors of the Company in granting an option to Mr. Ronald J. White, Manager of Exploration for the Company, for the purchase of 10,000 unissued shares of Common Stock of the Company.

This option was granted to Mr. White on November 18, 1963 as an incentive in connection with his promotion from Senior Geologist to Manager of Exploration for the Company. The option is exercisable at a price of $1.47 per share (all dollar amounts expressed in this Proxy Statement are in Canadian Funds unless otherwise specified), which was the closing price at which shares of the Common Stock of the Company were traded on the Toronto Stock Exchange on the date of grant. The option expires November 17, 1967 and may be exercised as to 2,500 shares prior to November 18, 1964, 5,000 shares prior to November 18, 1965, 7,500 shares prior to November 18, 1966, and as to the entire 10,000 shares after November 18, 1966.

In the event of the termination of the employment of the optionee the option will terminate on the date of termination of employment except as to rights accrued to such date of termination. The option is exercisable during the lifetime of the optionee only by him and no part of the option is transferable by the optionee. However, in the event of the death of the optionee while an employee and prior to the expiration of the option, the option may be exercised by the personal representatives of the optionee within sixty days following the date of his death with respect to rights accrued to such date of death. The purchase price and the number of shares covered by the option are subject to adjustment in certain contingencies. The optionee has represented that he does not intend to distribute in the United States of America any of the shares he may acquire upon the exercise of the option.

Submission for the approval of shareholders of the grant of option to Mr. White is required by the American Stock Exchange, where the Company's shares are listed, though such approval is not otherwise required. Approval of the grant by the Board of Directors of the option to Mr. White requires the affirmative vote of a majority of the shares as, being entitled to be voted, are voted in person by the shareholders or by proxy at the Meeting. The Company will request Mr. White to surrender this option if the same is not approved by the shareholders.

The closing price at which shares of the Company's Common Stock were traded on the Toronto Stock Exchange on March 31, 1964 was $1.80.

There are no tax consequences to either the Company or the optionee upon the grant of options. Upon the exercise of options the optionee is obligated to pay a tax on the benefit, that is, on the difference between the exercise price of the options and the then market value of the shares acquired upon

at a price per share of $2.50 United States funds, or the equivalent price in Canadian funds. The offer terminated on January 31, 1964 and was over-subscribed. After acceptance of tenders Aquitaine became the owner of 1,465,313 shares of the Company's Common Stock, and may be deemed to be in a control position with respect to the Company. A condition of the offer becoming binding on Aquitaine was the appointment to the Board of Directors of the Company on or before the effective date of the offer of three directors nominated by Aquitaine. Messrs. Legrand, Rutman and Pradal were appointed pursuant to such condition. From January 1, 1963 through January 10, 1964 the price of shares of the Company's Common Stock on the American Stock Exchange ranged from a low of $0.8125 (United States funds) in January of 1963 to a high, prior to the commencement of the offer, of $2.1875 (United States funds) in January 1964. For their services in connection with this tender offer Lehman Brothers and Greenshields Incorporated received commissions aggregating $112,540.00 (United States funds), paid by Aquitaine, of which each received one-half.

Messrs. Rutman and Pradal own the nominal amounts of two and eight shares, respectively, of Societe Nationale des Petroles d'Aquitaine.

(3) On March 4, 1964 the Company and Aquitaine Company of Canada Ltd. negotiated an agreement, effective for the period February 1, 1964 to December 31, 1964, pursuant to which the Company is to explore for mineral substances and submit projects to Aquitaine, which may elect to pay certain specified percentages of costs and in return obtain certain undivided interests and participations in earnings. Under the proposed agreement Aquitaine may elect to participate in exploration projects originated by the Company (a) to the extent of 50% of the Company's interest where such project is located in Manitoba, Saskatchewan and Southern Alberta (b) to the extent of 90% where such project is located in Western Canada other than in (a), (c) to the extent of 80% where such project is located in Western Canada other than in (a) and is considered to be an extension of existing production. The Company would receive an exploration management fee from Aquitaine on any projects in which Aquitaine participated, of 8 to 20% of Aquitaine's cost. Where development operations occur (i.e. in projects in which production in commercial quantities has been discovered), the Company may request Aquitaine to advance ½ of the Company's share of well costs as a production loan to be repaid with interest out of ½ of the Company's share of production, unless the Company elects to pay off the production loan in cash, at which time the Company would receive its full share of production from the project. The Company has operated under a similar agreement with Jefferson Lake Petrochemicals of Canada Ltd. which was entered into on November 27, 1961, and has a present expiration date of November 29, 1964.

Remuneration and Stock Options

During the last fiscal year, no Officer or Director of the Company received aggregate remuneration from the Company in excess of $30,000. During such year the aggregate remuneration paid by the Company to all persons, as a group, who were Officers or Directors of the Company at any time during the year was $41,500.

Mr. Rudolph, President of the Company and a nominee for re-election as a Director, owns options expiring March 27, 1965 for the purchase of 10,000 shares of Common Stock of the Company at an exercise price of $1.05 per share. Mr. White, Manager of Exploration for the Company, owns, in addition to the option for 10,000 shares for which approval is sought at the Annual General Meeting, options expiring January 1, 1966 for the purchase of 2,500 shares at an exercise price of $1.35 per share. There are no other outstanding options for the purchase of the Company's shares.

On January 23, 1964 Mr. White exercised options for the purchase of 7,500 shares of the Company's Common Stock at the exercise price provided in the options of $1.35 per share; on such date shares of the Company sold at $2.35 per share. These options on 7,500 shares together with the options on 2,500 shares presently unexercised were granted to Mr. White on January 2, 1962 in connection with his employment by the Company. On February 28, 1964 Mr. Thomas Grandin, Treasurer of the Company, sold to Aquitaine Company ofC anada Ltd., for a consideration of $16,507, options for the purchase of 10,000 shares of the Company's Common Stock which were exercisable prior to March 27, 1965 at a price of $1.05 per share. Amendment of such options, which were non-transferable, to permit their sale to Aquitaine Company of Canada Ltd. was authorized by the Board of Directors of the Company in the same manner and for the same reason as in the case of Mr. Rudolph's options, as described in note (1) above. As in the case of Mr. Rudolph, the staff of the Securities and Exchange Commission has raised a question as to whether, as a result of this transaction, Mr. Grandin may have realized a profit which is subject to Section 16(b) of the Securities Exchange Act of 1934. In the opinion of Messrs. Simpson, Thacher & Bartlett, New York Counsel for the Company, the consent of the Company to the transfer by Mr. Grandin of the matured options to Aquitaine did not constitute a "purchase" of an "equity security" by Mr. Grandin within the meaning of Sections 16(b) and 3(a) (11) of such Act so as to subject the subsequent sale thereof to Aquitaine to the provisions of Section 16(b). These options were a part of options on 12,000 shares of the Company granted to Mr. Grandin on April 3, 1957 with an exercise price of $2.45 per share and an expiration date of March 27, 1961. On January 14, 1960 the exercise price was amended to $1.05 per share; on such date shares of the Company sold at 90¢ per share. On January 20, 1961 the exercise date was extended to March 27, 1965. On August 23, 1961 Mr. Grandin exercised his options to the extent of 2,000 shares; on such date the shares of the Company sold at $1.65 per share. The only other stock options which have been granted by the Company were 25,000 options to Mr. R. H. Faulkner, a Director, on June 21, 1961 and 20,000 options to Mr. R. B. Bailey, Exploration Manager, on January 18, 1962. None of these options were exercised and they were terminated when such parties severed their respective connections with the Company in 1963.

such exercise. The rate of this tax is the percentage determined by dividing the optionee's aggregate income taxes in dollars for the preceding three years by his aggregate gross income for such three years. The amount determined by applying such percentage to the benefit is then reduced by 20% of the benefit to determine the actual tax payable.

Considering the Action of the Board of Directors in Setting Aside a Reserve of 50,000 Unissued Shares of Common Stock of the Company for the Grant of Incentive Stock Options to Employees of the Company

Action will be taken upon a proposal to approve the action of the Board of Directors of the Company in setting aside a reserve of 50,000 unissued shares of Common Stock of the Company for the grant of incentive stock options to employees of the Company.

Options with respect to the purchase of such 50,000 shares may be granted from time to time in the future by the Board of Directors of the Company for periods not to exceed five years and with exercise prices equal to the market value of the Company's shares at the time of grant. At the present time it is contemplated that approximately nine persons who are officers or directors or both, and approximately six other employees, will be eligible to receive options against this reserve.

As in the case of Mr. White's option, submission for the approval of shareholders of the reserve of 50,000 shares for incentive stock options is required by the American Stock Exchange, though not otherwise required. Approval of the setting aside by the Board of Directors of the Company of such reserve requires the affirmative vote of a majority of the shares as, being entitled to be voted, are voted in person by the shareholders or by Proxy at the Meeting. Such reserve will be abolished if the same is not approved by the shareholders.

Receiving and Considering the Report of the Directors, Etc.

The Report of the Directors of the Company and the Statement of Financial Position and Auditors' Report are enclosed herewith and will be presented to the Meeting.

Approval of the Directors' Report and the Statement of Financial Position and Auditors' Report requires the affirmative vote of a majority of the shares, as being entitled to be voted, are voted in person by the shareholders or by proxy at the Meeting.

Election of Directors

Action will be taken at the Annual General Meeting upon election of Directors of the Company to hold office until the next Annual General Meeting of the Company or until their successors are elected or appointed. It is intended that the proxies being solicited will be exercised in favor of the election of the following persons as Directors, four of whom are standing for re-election by shareholders and the other four of whom, Messrs. Firstbrook, Legrand, Rutman and Pradal, were elected to the Board by the Directors subsequent to the last Annual General Meeting of the shareholders.

Name and principal occupation or employment and name and principal business or organization in which such occupation or employment is carried on.	Has Served as Director Since	Securities Beneficially Owned Directly or Indirectly as of March 31, 1964 — Preferred Stock	Common Stock	Options
*JOHN C. RUDOLPH — President of Banff Oil Ltd. commencing June 19, 1961	January 14, 1960	-	4,500	10,000(1)
WATKIN SAMUEL — Consulting Mining Engineer, Steep Rock Iron Mines Company, Ltd., a Canadian exploration and development iron ore mining company	March 17, 1953	-	8,500	-

Name and principal occupation or employment and name and principal business or organization in which such occupation or employment is carried on.	Has Served as Director Since	Securities Beneficially Owned Directly or Indirectly as of March 31, 1964 Preferred Stock	Common Stock	Options
*H. W. MANLEY — President and Managing Director, Jefferson Lake Petrochemicals of Canada Ltd., Calgary, Alberta, and President, Petrogas Processing Ltd., Calgary, Alberta	May 2, 1962	-	100	-
*DONALD K. RUSSELL — Senior Analyst of oil investments employed by the Lehman Corporation, New York, N.Y.	January 2, 1963	-	1,800	-
B. D. FIRSTBROOK — Vice-President, Greenshields Incorporated, Investment Dealers, Montreal, Canada, since January, 1962; during the years 1959 through 1961, Managing Director of Greenshields & Co., Inc., New York, N.Y.	July 19, 1963	-	1	-
J. P. LEGRAND — Foreign Assistant to the Director of Exploration and Production, Societe Nationale des Petroles d'Aquitaine, Paris, France, for the past 5 years	February 3, 1964	-	5(2)	-
GILBERT RUTMAN — Assistant Director of Exploration and Production, Societe Nationale des Petroles d'Aquitaine, Pau, France, for the past 5 years; also President of Aquitaine Company of Canada Ltd. since January 1964	February 3, 1964	-	5(2)	-
*LOUIS PRADAL — Vice-President, Aquitaine Company of Canada Ltd., Calgary, Alberta, since January 1964; Chief of Economic Studies, Exploration and Production, Societe Nationale des Petroles d'Aquitaine, Pau, France, during the years 1959 through 1963.	February 3, 1964	-	5(2)	-

* Denotes member of Executive Committee

(1) Mr. Rudolph's options cover 10,000 shares of Common Stock at $1.05 per share. A previous option on 20,000 shares was due to expire on March 28, 1961. The original option price of $2.45 per share was reduced by the directors on January 14, 1960 to $1.05 per share, which was the price of the last trade on the Toronto Stock Exchange on that date. On January 20, 1961, the option on 20,000 shares was extended to March 27, 1965 and the number of shares covered thereby was increased to 30,000, immediately exercisable, the option price continuing at $1.05 per share; on the same date, shares of the Company sold at 90c per share. On the same date, Mr. Rudolph was also granted an additional option on 30,000 shares at $1.05 per share, expiring on March 27, 1965, and exercisable to the extent of 10,000 shares each on or after March 27, 1962, March 27, 1963 and March 27, 1964. On January 15, 1964 the directors authorized the amendment of Mr. Rudolph's options, which were non-transferable, so as to permit the sale of options covering 50,000 shares to Aquitaine Company of Canada Ltd. On February 28, 1964 Mr. Rudolph sold, for a consideration of $82,539, such options covering 50,000 shares to such Company, which immediately exercised them. The reason for the amendment of Mr. Rudolph's options to permit such sale was the desire of the Boards of the Directors of the Company and of Aquitaine Company of Canada Ltd. to retain Mr. Rudolph's services as President of the Company. The closing price at which shares of the Company's Common Stock were traded on the Toronto Stock Exchange on January 15, 1964 was $2.35; on February 28, 1964 such price was $1.55. The total cost per share to Aquitaine Company of Canadaltd. of the 50,000 shares acquired by it through the exercise of the options purchased from Mr. Rudolph was approximately $2.70, approximately $1.65 of which was paid to Mr. Rudolph and $1.05 of which was paid to the Company upon the exercise of the options. The Staff of the Securities and Exchange Commission has raised a question as to whether, as a result of this transaction, Mr. Rudolph may have realized a profit which is subject to section 16(b) of the Securities Exchange Act of 1934. In the opinion of Messrs. Simpson, Thacher & Bartlett, New York Counsel for the Company, the consent of the Company to the transfer by Mr. Rudolph of the matured portion of the options to Aquitaine did not constitute a "purchase" of an "equity security" by Mr. Rudolph within the meaning of Sections 16(b) and 3(a)(ll) of such Act so as to subject the subsequent sale thereof to Aquitaine to the provisions of Section 16(b).

(2) Aquitaine Company of Canada Ltd., a wholly-owned subsidiary of Societe Nationale des Petroles d'Aquitaine, owned beneficially and of record 1,465,313 shares of Common Stock of the Company on March 31, 1964, 40.36% of those outstanding. Societe Nationale des Petroles d'Aquitaine is engaged in the exploration, production and marketing of hydrocarbons and other mineral products. Its activities include operation of the Lacq gas field in southwest France. Aquitaine Company of Canada Ltd. is in the business of oil and gas exploration, development and production. On January 15, 1964 Aquitaine Company of Canada Ltd. commenced through Lehman Brothers and Greenshields Incorporated as agents an offer to purchase from the shareholders of the Company 1,400,000 shares of its Common Stock

Appointment of Auditors

As set forth in the Notice, action will be taken at the Meeting upon the appointment of Auditors for the current fiscal year. It is intended that the Proxies hereby solicited will be exercised in favor of the appointment of Touche, Ross, Bailey & Smart, Chartered Accountants, the present Auditors of the Company. The Company knows of no relationship between Touche, Ross, Bailey & Smart or any of its associates and the Company or any of its affiliates.

Other Business

While there is no other business than that mentioned above to be presented for action by the shareholders at the Meeting, it is intended that the Proxies hereby solicited will be exercised upon any other matters and proposals that may properly come before the Meeting, or any adjournment or adjournments thereof, in accordance with the discretion of the persons authorized to act thereunder.

DATED this 16th day of April, 1964, Calgary, Alberta, Canada.

By Order of the Board, J. J. SAUCIER, Secretary.

PRINTED IN CANADA

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BANFF OIL LTD.

505 EIGHTH AVENUE BUILDING - CALGARY, ALBERTA, CANADA
TELEPHONE 269-6901

PROGRESS REPORT

April 3, 1964

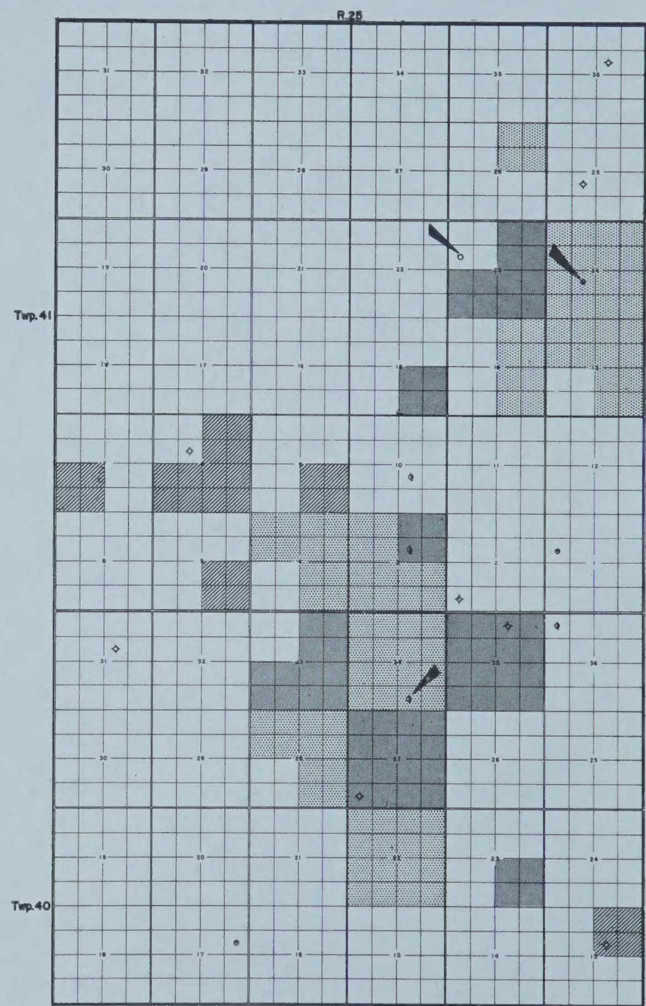
TO: The Shareholders

Since the writing of the Annual Report several important exploration developments have taken place which should be brought to your attention.

CHIGWELL

The Banff et al North Chigwell 6-24-41-25 well (Banff's interest 12½%) recently flowed oil from the top seven feet of the Leduc reef at a depth of 6,400 feet. After extensive testing operations the well was suspended as being non-commercial but the Company plans further activity in the area to follow-up this promising show. Currently, Whitehall Canadian is drilling a D-3 test in 12-23 offsetting 480 acres of leases in which Banff has a 50% interest.

At Chigwell South the Banff-Aquitaine-Jefferson Lake group recently completed a D-3 test in 2-34-40-25 on a farmout from California Standard (Banff's interest 12½%). The well found only a show in the D-3 horizon but recovered 520 feet of clean oil on a drillstem test of a thin Viking sand. The well has now been perforated and placed on production after swabbing clean oil at 35-40 barrels per day. It is planned to produce this well for some time before making a decision on further drilling. As can be seen on the accompanying map, Banff and partners have important acreage concentrations in the area.



CHIGWELL AREA

BANFF LEASES 50%
BANFF LEASES 25%
BANFF LEASES 12½ %

LEGEND
LOCATION
ABANDONED WELL
VIKING OIL WELL
NISKU OIL WELL D-2
LEDUC OIL WELL D-3

HASTINGS

Banff recently completed a 3,900 foot test in Lsd. 6-9-4-33-W.1 in the Hastings area of Saskatchewan in partnership with Aquitaine and Jefferson Lake on a wholly-owned 320-acre lease (Banff's interest 25%). The well flowed oil on two drillstem tests conducted in the Hastings Limestone and is currently being completed. The group also has options on another 320 acres offsetting this lease and plans immediate development drilling.

MORINVILLE NORTH

The Morinville North 4-5-56-25 wildcat was recently completed as a gas discovery after finding water in its main objective, the Leduc D-3 reef. The well, drilled jointly by Banff, Aquitaine and Jefferson Lake (Banff's interest 25%) on a wholly-owned lease, found 12 feet of sweet gas pay in the Basal Cretaceous sand. This well is located one and one-half miles from a pipeline connection and it is hoped that gas from the well can be marketed shortly.

The Company is continuing an active drilling program with seven exploration and six development wells planned for the second quarter in Alberta, Saskatchewan and Manitoba.

On behalf of the Board of Directors,

J. C. RUDOLPH,
President